

OIL SANDS MEDIA MONITORING REPORT

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Overview

There were three key oil sands stories with a good deal of play in the media this month. The first two had to do with environmental groups acting against the oil sands by attempting to block proposed pipelines. Native groups in British Columbia and the northern United States attempted to block pipeline construction on their land. The second major story occurred in the last week of June, as the Sierra Club led several other environmental groups in an attempt to convince Secretary of State Hillary Clinton to deny permission for a pipeline to be built bringing oil sands oil into the US.

While both of these topics were mostly negative, the third key story was slightly more positive: US Energy Secretary Stephen Chu spoke on the oil sands, expressing concern over their environmental impact, but affirming that with technological

improvements the oil sands would remain a key part of US energy strategy.

Environmental coverage of the oil sands was down in general in Canada, with fewer positive and negative stories being published. The international media was kinder to the oil sands in June, with a slight increase in positive environmental stories and a decrease in negative stories. However, environmental websites and blogs helped keep internet coverage of the oil sands' environmental impact resoundingly negative, with 10 more negative stories and one fewer positive story than May.

Economic news was better, however. June saw an increase in positive economic stories in all media categories, plus a sharp decrease in negative stories in the Canadian media. Relunched oil sands projects, rising oil prices, lowering costs and a lack of negative economic news in Alberta contributed to a far more positive economic outlook on the oil sands in June, as opposed to May.

Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oil sands" (there being some debate on whether it is one word or two) and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term had to be included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

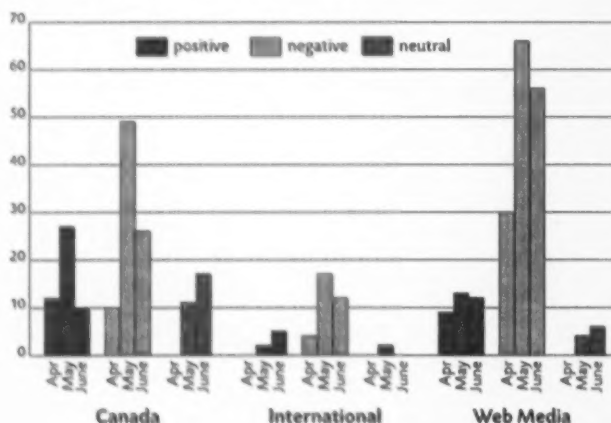
This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 237 stories over the course of June, 2009. These stories were gathered from blogs and environmental websites, Canadian media and international media reaching audiences from Airdrie to New York to New Delhi.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

Environmental opponents of oil sands development continued to make news in June, particularly over the internet. This month the focus was on a different tactic: blocking oil sands pipelines. These anti-pipeline protests were some of the most reported stories of the month.

Environmental stories (April-June 2009)



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The highest volume of stories came in late June, as the Sierra Club led several other environmental groups in an attempt to convince Hillary Clinton to use her powers as Secretary of State to block a pipeline from Alberta into the US, claiming it would increase US reliance on "dirty oil." This story was covered mostly through web media, with 10 out of 13 mentions from blogs. By the end of June, no official announcement had been made on Clinton's reaction: it is probable that this story will continue into July, as the lobbying began on June 23, and was picked up in the New York Times a week later.

Pipeline protest also came from native groups in BC and the northern US. Like the Clinton angle, this story received the most coverage through blogs and environmental sites. Half of the eight stories on First Nations pipeline protests were through web media. It is likely that coverage of these protests will continue, especially through the environmental websites that support the protesters.

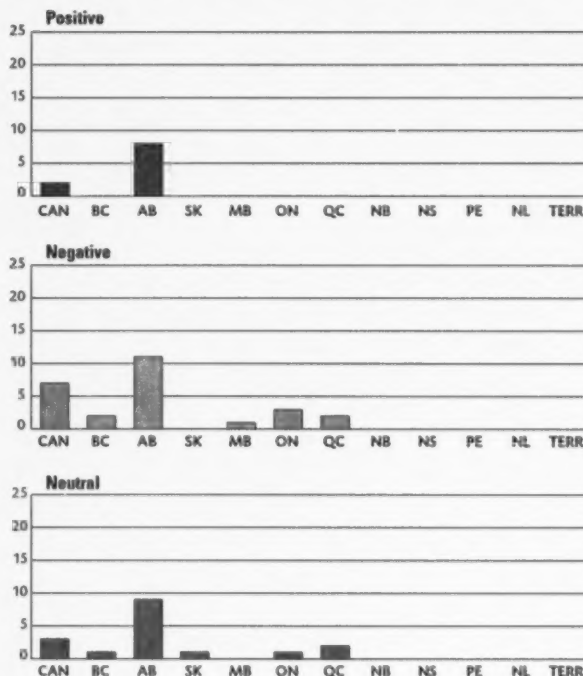
Aside from pipeline protests, one other key story emerged in June. The statement by US Secretary of Energy Stephen Chu supporting the oil sands while remaining cautious of their environmental impact was carried in nine Canadian media outlets. While Secretary Chu expressed concern over oil sands carbon output, he stated that he believed technology could solve that problem and make the oil sands a key part of US energy strategy. The bulk of the stories on his statement simply covered that it occurred, without using it as a pro- or anti-oil sands argument, but his concerns over carbon and belief in the oil sands' role in US energy supply mean that it can easily be applied to either side of the debate.

Environmental

Environmental websites continue to crusade against oil sands development, with one site (Red, Green and Blue) referring to the oil sands as "the most destructive project on Earth." Environmental stories from web media came close to maintaining the five-to-one negative-to-positive ratio from May. The main source of this negative internet coverage is environmental websites such as Red, Green and Blue, The Rainforest Action Network and Solve Climate. Greenpeace, which in May attempted to convince the Norwegian firm Statoil to withdraw from the oil sands, was quiet in June.

A key angle for environmental websites, which are clear in their opposition and desire to shut down the oil sands, is reporting on protests against the oil sands. The key protests in June were the aforementioned pipeline protests by the Sierra Club and native groups, but these were not the only protests. The Rainforest Action Network confronted the Royal Bank of Canada over claiming a commitment to clean water while continuing to finance the oil sands. Later in the month, the Rainforest Action Network

Environmental stories by region (June 2009)

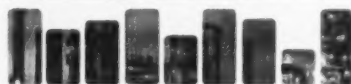


brought protests to Washington, D.C., during a Canadian-American Business Council forum.

June also saw negative coverage for the oil sands from Christian websites. They were the last to cover a top story from May, that being the KAIROS Group and their late May inspection of the oil sands. While attention from the mainstream media had died down, several Christian sites were still commenting on the KAIROS Group's recommendations that development be slowed until the full impact of the oil sands on the environment and surrounding communities could be studied.

Attention in American print media was also fixated on protesters. Protests by native groups in the northern US received coverage in Minnesota local newspapers, while the New York Times covered three different efforts by environmental groups to lobby the US government against the oil sands, including the appeal to Secretary Clinton.

The few positive environmental stories in the international press dealt largely with technology: advances that may reduce oil sands' environmental footprint and Secretary Chu's belief in such technologies. One example of these technologies is a chemical process developed to search for evidence of life on Mars: a chemical is inserted into rock, or Martian soil, separating the organic



material from the ground for extraction and examination. This process could also be used to extract petroleum from sand. This possible breakthrough was covered in *Scientific American* and the *London Sun* in the United Kingdom. The Government of Alberta's \$2 billion investment in three carbon capture and storage research projects was also covered through the Reuters newswire.

Our review of all the environmental stories from the Canadian media shows that Alberta remains the highest source of oil sands commentary, with the highest number of positive, negative and neutral environmental stories.

The surge in neutral stories in June was driven by coverage of Secretary Chu's statements regarding the oil sands. While portions of his statement could be used for both pro-and anti-oil sands editorializing, and in some cases were, the majority of the coverage was in the form of balanced, objective journalism. Since Chu commented on both the benefits and hazards of the oil sands, balanced coverage could only be classified as neutral.

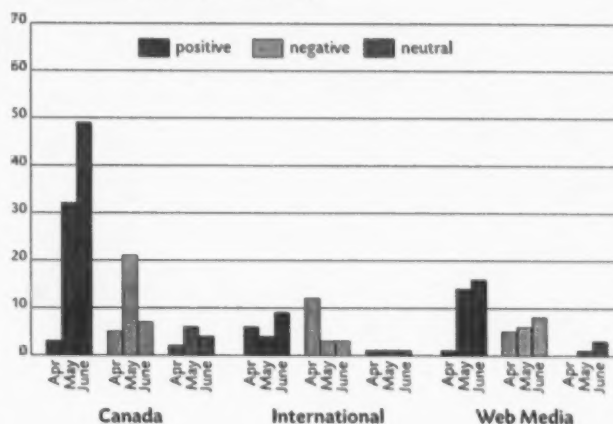
Positive environmental stories (80% of which came from *Albertan media*) were, like elsewhere, focused on reducing the environmental impact. Despite the Government of Alberta's support for carbon capture projects, carbon capture was not the focus. In fact, on June 15 the *Globe and Mail* questioned the feasibility of carbon capture as a method of "greening" the oil sands, and on June 6th Minister of the Environment Jim Prentice stated that carbon capture is not the "silver bullet" for reducing the carbon output of the oil sands. More media attention was paid to the \$1.5 million grant the government gave to the University of Alberta for research into land reclamation. The idea that oil sands mining sites could one day be lush forests again captured the majority of the positive attention in Alberta.

A growing theme in the negative environmental stories is the Waxman-Markley Clean Energy and Security Act, currently making its way through the United States Congress. Negative coverage of the bill comes from two directions: most coverage, particularly in Canada, raises concerns that the cap-and-trade carbon policies of the bill may prove costly to oil sands development, while environmental groups claim that too many concessions to the oil sands have been made in committee. As the Clean Energy and Security Act continues its way towards becoming law, coverage of this bill and its potential impact on the environment will surely continue as well.

Economic

Leading the economic news in June was the continued reawakening of oil sands projects. The relaunch of Imperial's Kearl project, a major topic in May, continued to draw stories in June, particularly the pipeline Enbridge is building to the Kearl

Economic stories (April-June 2009)



site. However, more attention was focused on Connacher's re-launching of their Algar project. This second relaunch in as many months drives media perception of a solid turnaround in the oil sands.

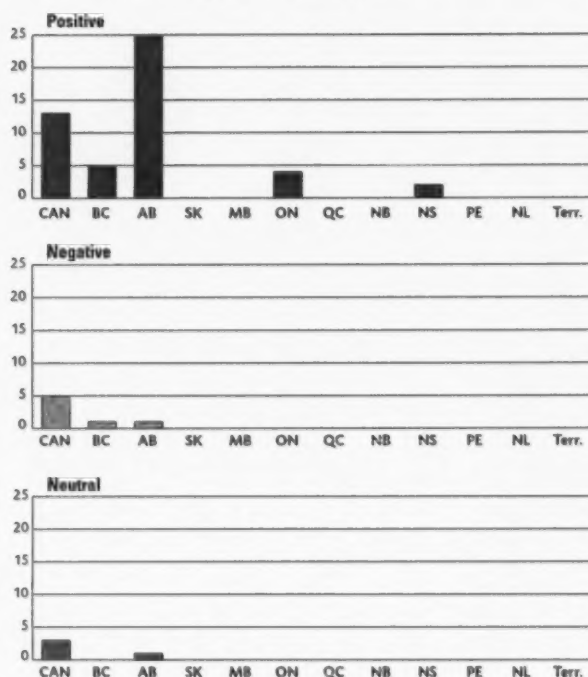
In the international media, economic stories discussed how rising oil prices, lowering costs and mergers such as between Sunco and Petro-Canada are helping make the oil sands profitable once more. Energy security was also a talking point, with papers such as the *Detroit News* commenting on the important role of the oil sands to energy security. Secretary Chu's comments caused some economic stories, as the Canadian Association of Petroleum Producers applauded his comments in a statement picked up by Reuters. Finally, CAPP's prediction that oil sands production would grow to three million barrels per day by 2018 made the newswires in the United States and India.

Overall, financial and stock-based websites helped produce a two-to-one ratio of positive to negative stories in June. The push by western Premiers and US Governors to establish a Western Energy Corridor, in which the oil sands would play a key role, was frequently covered by web media. One notable positive story carried on *Daily Markets* and *iStock Analyst* stated that the Alberta oil sands could surpass Saudi Arabia in terms of supply with less carbon output than Chinese power plants. Other stories covered familiar topics: the rising price of oil and Connacher's Algar plant.

The Canadian media is where the majority of the positive economic stories originated, half of which came from Alberta alone. Outside of the national outlets, negative economic stories were practically non-existent in June. The few negative stories dealt with lingering effects of the slowdown, such as how lower oil prices have made it harder for oil companies to get credit. Another source of negative and neutral economic stories is the



Economic stories by region (June 2009)



perceived lack of bitumen upgrading plants in Alberta. Neutral stories on this topic commented on the recovery in the oil sands as well, while the negative stories focused on bitumen being extracted in Alberta and shipped to the United States for upgrading.

Kearl and Algar were prominent economic stories, particularly in Alberta. Less reported but on the same topic was the possible relaunch of UTS Energy's Fort Hills Project. This renewed activity led to less specific but no less positive stories on the signs of economic recovery in the oil patch. The proposed Western Energy Corridor also received a fair amount of attention from Canadian media, all positive.

CAPP's reduced oil sands production estimates into 2025 generated a good deal of media attention. Media reaction to this announcement was mixed, with some seeing this slowdown in production as a concern over a loss in revenue while others viewed it as welcome breathing space for the industry after the hyper inflation of the boom. More significant was CAPP's prediction that oil sands production would double by 2025, a prediction seen as positive by the mainstream media.

Late in the month, the International Energy Agency made a statement that oil sands are "down, but not out," and that the oil sands

remain a "major and secure energy safety net." This announcement led to several positive stories in Canadian media. ■

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